The Chairman's Initiative will:

- Identify best practices to encourage community-based care, including an examination of effective transportation systems, emerging technology and reliable housing options;
- Support families caring for elderly family members by identifying innovative practices to encourage and assist caregivers;
- Promote wellness and disease management, review effective educational campaigns and identify key activities proven to improve long-term care outcomes;
- Encourage personal financial planning for health care costs and work to create publicprivate partnerships to examine tax incentives, long-term care insurance products and explore other avenues of financial planning;
- Develop strategies for aggressive utilization of high technology in providing improved and cost-effective long-term care;
- Conduct regional forums and workshops to discuss and identify innovative solutions to our long-term care challenges; and
- Establish the National Governors
 Association as the preeminent clearinghouse for state best practices in long term care.



On the 10th day of May—1884—I confessed to age by mounting spectacles for the first time, and in the same hour I renewed my youth, to outward appearance, by mounting a bicycle for the first time.

MARK TWAIN, American Author

National Governors Association 444 North Capitol Street, Suite 267 Washington, DC 20001-1515 Phone: 202/624-5300 Fax: 202/624-5313 www.nga.org



A LIFETIME OF HEALTH AND DIGNITY

Confronting long-term care challenges in America



Nearly every American will encounter the need for long-term care, either for themselves or a loved one. The rapidly increasing cost of long-term care is one of the largest expenses facing states and their spiraling Medicaid budgets. We need to change the culture of long-term care to help our seniors age healthier and our states more efficiently provide the dignified care our citizens deserve.

IDAHO GOV. DIRK KEMPTHORNE

Chairman, National Governors Association

NGA CHAIRMAN'S INITIATIVE

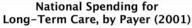
- There are 35 million people over age 65 living in the United States. In eight years, 77 million baby boomers will begin turning 65 years old.
- Long-term care consumes 35% of all
 Medicaid spending by states (\$76.5 billion).
- The care of chronic illness consumes 75 cents of every health care dollar spent in the United States.
- Chronic care costs for diabetes alone total\$105 billion annually.
- Within the next 20 years, chronic conditions such as heart disease, cancer, diabetes, and arthritis are expected to afflict 157 million Americans –nearly half of the U.S. population.

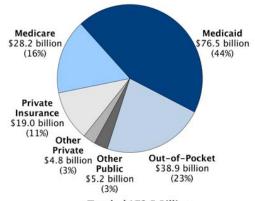




> State Medicaid programs pay the largest percentage (44%) of all long-term care costs in the United States. Out-of-pocket expenses by individuals and families is next (23%) and federal Medicare (16%) is the third largest payer.

- Facing ever-growing insurance premiums, large employers are reducing coverage for pre-Medicare-eligible retirees.
- In 2002, the average cost for a semi-private nursing home room was \$52,000 and hourly home health care costs \$18 per hour.
- One in four American households are providing long-term care assistance to an elderly family member, neighbor or friend.
- The average retiree has \$30,000 in retirement savings. One year in a nursing home costs around \$50,000 and the average stay in a nursing home is 2.3 years.





Total=\$172.5 Billion

SOURCE: Health Policy Institute, Georgetown University, based on data from: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Expenditures Tables, 2003, available at http://cms.hts.gov/statistics/nhe/historical/, accessed 22 April, 2003; and B. Burwell, S. Eiken, and K. Sredl, "Medicaid long-term care expenditures in FY2001" (Cambridge, MA: The MEDSTAT Group, 10 May 2002, memorandum).

